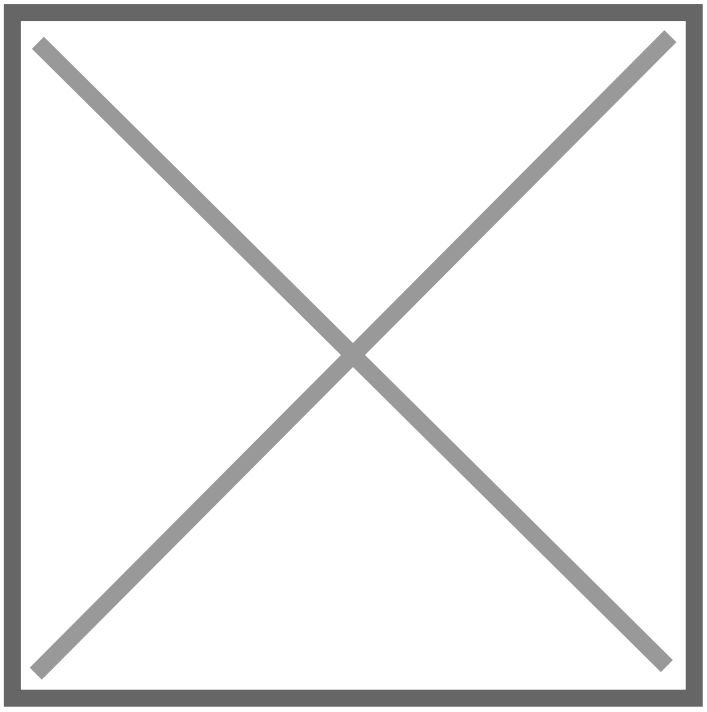
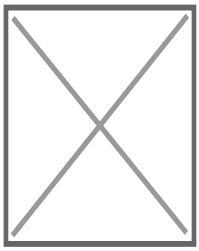
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Indian biotech's BIRAC opportunity

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The recent government decision to convert the three-year-old experimental Biotechnology Industry Research Assistance Council (BIRAC) into a Ã¢â?¬Å?not-for-profitÃ¢â?¬? company under Section 25 of the Indian Companies Act is a significant step to help the nation's fledgling biotechnology industry.

The Union Cabinet gave the approval for this important step on November 24, 2011. DBT Secretary Dr M K Bhan and his team deserves full credit for piloting the proposal through the labyrinthine government set-up and convincing the political leadership about the urgent need for such a mechanism to support a vital industry. This has happened at a time when the government is withdrawing gradually from running corporate enterprises and confining itself to regulatory issues as part of the economic liberalization agenda.

Given this background, it was not an easy task for the DBT team. It has been learnt that it took a lot of convincing to get the nod for this experimental measure. A lot of tough questions were asked during the Cabinet meeting. The reasonably good work done by BIRAC, set up as a pilot project in 2008, in providing assistance, as part of its mandate, to a good number of innovative projects, would have certainly played some role in getting the cabinet approval. So far, BIRAC has stuck to its goal of underwriting with public funds high risk technologies and processes in biotechnology. BioSpectrum has chronicled many of these projects in the last two years.

This is just the beginning of the BIRAC phase of the industry. With the DBT's decision to use 30 percent of its budget allocation only for industry-related projects, funds were not a problem so far. In fact, I have learnt that the industry has been slow in submitting innovative proposals to get BIRAC assistance. Overall, due to paucity of good proposals, the DBT has so far spent only half of the funds allocated for this activity in the last two years. Biotech innovators have certainly a lot of catching up to do. BIRAC team will be busy with legal processes to convert itself into a corporate entity. The corporate entity is set to become operational on April 1, 2012. In the new avatar, BIRAC will be like any other corporate entity and bound by the existing legal framework and governance laws applicable to companies. BIRAC has a year to prove its credentials. Though BIRAC has the freedom to appoint any competent person as chairman and managing director, it is understood that secretary, DBT, and the senior advisor handling the council now will be the chairman and managing director, respectively, for an initial period of 12 months. A review will happen then.

BIRAC has also been given the mandate to appoint independent, professional directors who will be compensated as per industry norms. The Cabinet, rightly, did not insist on applicability of existing government pay scales to the BIRAC employees. So, Dr Bhan's team has the onerous task of making full use of the flexibility available to make a real difference in the way a government-run company is set up and run. It is a tough challenge. BIRAC will be required to keep most of the industry leaders and even scientists from research labs and universities out of the corporate set-up to prevent Ã¢â?¬Å?conflict of interestÃ¢â?¬?. After all, as a small industry, every one is connected to everyone else in the biotech ecosystem.

If this challenge is overcome by finding the talented people who have an understanding of the industry, the new-look BIRAC

will be a game changer for the Indian biotech industry.

I wish everyone a Very Happy 2012.

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